



State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

Date: February 6, 2006

PPL 06-001

TO: Local Educational Consortia (LEC) and
Local Governmental Agency (LGA)
Medi-Cal Administrative Activities (MAA) Coordinators

SUBJECT: **ADMINISTRATIVE FEES CHARGED TO CLAIMING UNITS**

LECs and LGAs participating in the MAA program must ensure, by monitoring invoices, that administrative fees they charge to their local educational agencies (LEAs) or claiming units are not reported by both the LEC/LGA and the LEA/claiming unit. The cost of activities included on the MAA invoice may only be claimed by one entity: if they are on the LEC/LGA invoice, they may not be claimed on other invoices, such as the LEA or subcontractor claiming unit invoices. If they are claimed on the individual LEA or subcontractor invoices, they may not also be claimed on the LEC/LGA invoice. Allowable administrative costs are described in the School-Based MAA Provider Manual in the Medi-Cal Claims Administration, Coordination, and Training section (Code 15) and in the County-Based MAA Provider Manual in the MAA/TCM Coordination and Claims Administration section (Activity G). These manuals are available at www.dhs.ca.gov/maa.

Including such fees in more than one entity's invoice would result in duplication of claims for federal financial participation. An example of sound oversight to safeguard against duplication would be:

1. A LEC/LGA conducts MAA Coordination and Claims Administration and contracts with LEAs/subcontractors that conduct MAA.
2. The LEC/LGA charges the LEAs/subcontractors an administrative fee for the MAA costs of its own staff that are associated with the coordination. These costs are claimed on the LEC/LGA invoice.

3. While reviewing the LEA/subcontractor invoices, the LEC/LGA notices that one of the LEAs/subcontractors included the administrative fee as MAA Coordination costs on the Direct Charges Worksheet, Line 31(d) (School-Based MAA invoice) or as Other Costs in Cost Pool 6, Line H (County-Based MAA invoice).
4. The LEC/LGA had already identified and included the costs of the activities associated with these administrative fees in its own MAA invoice.
5. The LEC/LGA returns the MAA invoice to the LEA/subcontractor for correction to delete the administrative fee cost. The administrative fee expense cannot be reported as an expense on the LEA/subcontractor invoice.

Alternatively, if the LEC/LGA allows the LEAs/subcontractors to include in the LEAs'/subcontractors' MAA invoices the cost of administrative fees charged by the LEC/LGA, then the LEC/LGA must not include in its own MAA invoice the cost of activities associated with these administrative fees. An example of sound oversight to safeguard against duplication would be:

1. An LEC/LGA conducts MAA Coordination and Claims Administration and contracts with LEAs/subcontractors that conduct MAA.
2. The LEC/LGA charges the LEAs/subcontractors an administrative fee for the MAA costs of its own staff that are associated with the coordination.
3. While reviewing the LEA/subcontractor invoices, the LEC/LGA notices that the LEAs/subcontractors include the administrative fee as MAA Coordination costs on the Direct Charges Worksheet, Line 31(d) (School-Based MAA invoice) or as Other Costs in Cost Pool 6, Line H (County-Based MAA invoice).
4. The LEC/LGA does not include in its own MAA invoice the costs of the activities associated with these administrative fees.

Local Educational Consortia (LEC) and
Local Governmental Agency (LGA)
Medi-Cal Administrative Activities (MAA) Coordinators
Page 3
February 6, 2006

If you have questions, please contact Ms. Linda Hayes, Chief, County-Based MAA Unit, at (916) 341-3969 or lhayes@dhs.ca.gov or Ms. Barbara Schultz, Chief, School-Based MAA Unit at (916) 552-9616 or bschultz@dhs.ca.gov.

Sincerely,

Original Signed by Elizabeth Touhey

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